



Wealth Care LLC Monthly Commentary-September 2017

Investment Thoughts

The markets continue to be positive for the year, staying within a few percent of all-time highs. Foreign markets are also doing well. The economy appears stronger and by at least some measures-unemployment low. This is usually the time we start to see inflation appear, so we'll keep an eye out for that.

The average Wealth Care LLC portfolio continues (for most of us) to be tilted toward world equities. New money is still being put into the US, but increasingly also overseas. If we start to get inflation, we might add some natural resources.

The Information and Entertainment Explosion

Who can keep up? There is a flood of great information and entertainment available to us at the touch of a button. I enjoy telling my kids about how when I grew up-to get a book or magazine, you went to the library, or occasionally just bought one. And most of the time, all you could access is what they had on a shelf. Watching TV meant the family sitting in front of our 19-inch black and white model (with a rabbit ears antenna) and watching whatever show was most popular on one of the only three channels. Movies were a special occasion, and meant a trip to the theatre. Music was either what was on the radio or the limited selection of vinyl records at the store (and buying a new record was a special occurrence).



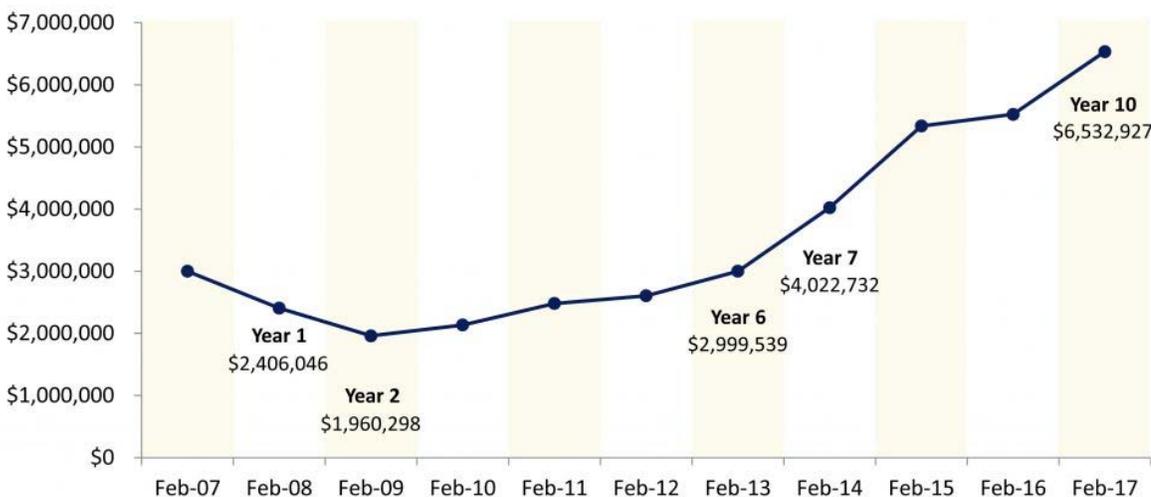
As to information-going to the library to look in old encyclopedias was the best option. I remember trying to find information in medical school that was at least five years current-it meant asking the librarian to request a copy of the paper document be mailed to our institution-and took days.

Now-all available at the touch of a button. An overwhelming amount of excellent entertainment and all the information you can absorb. Most of it is free, or close to free. Not only that, but the internet allows us to access most of the "old stuff"-we can obtain old books, old entertainment, old music, etc.

It is amazing and wonderful. Just reflecting.

What if You Had Bought the US Stock Market Just Before the Great Recession of 2008?

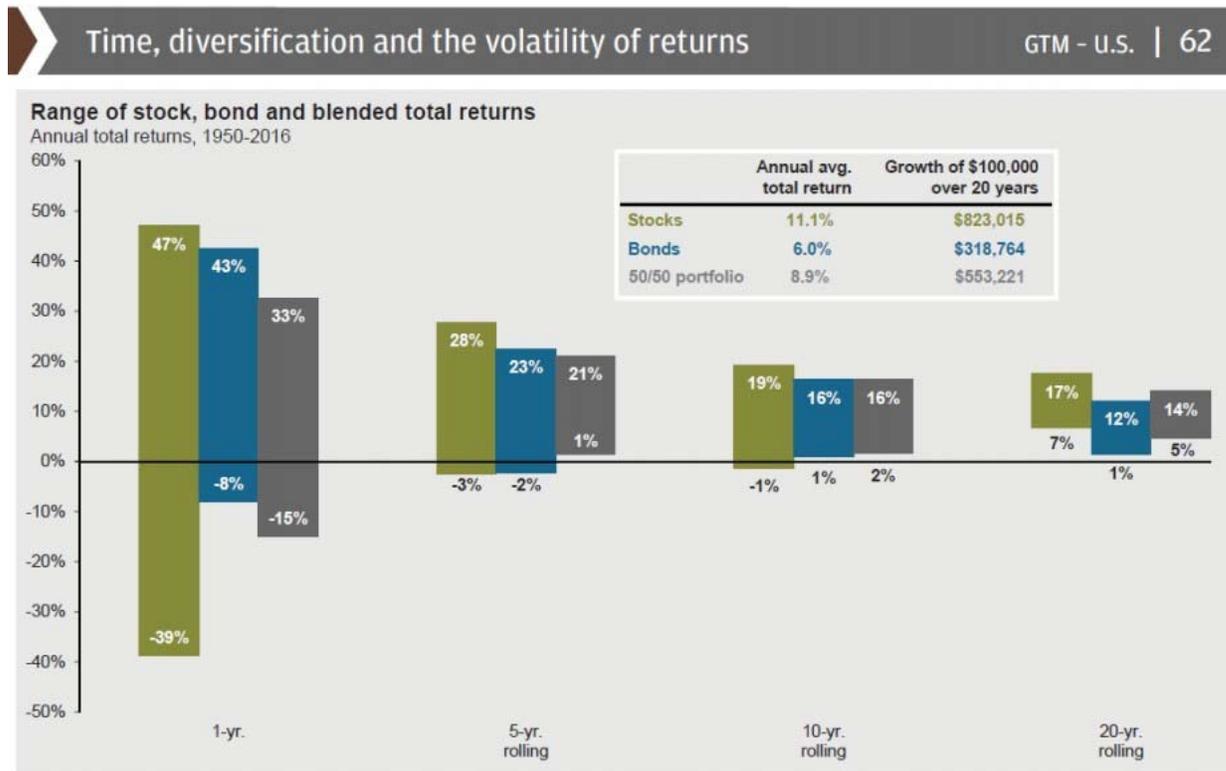
Hypothetical Example:
C\$3,000,000 Invested in the S&P 500 Index on February 7, 2007





Time, diversification and the volatility of returns

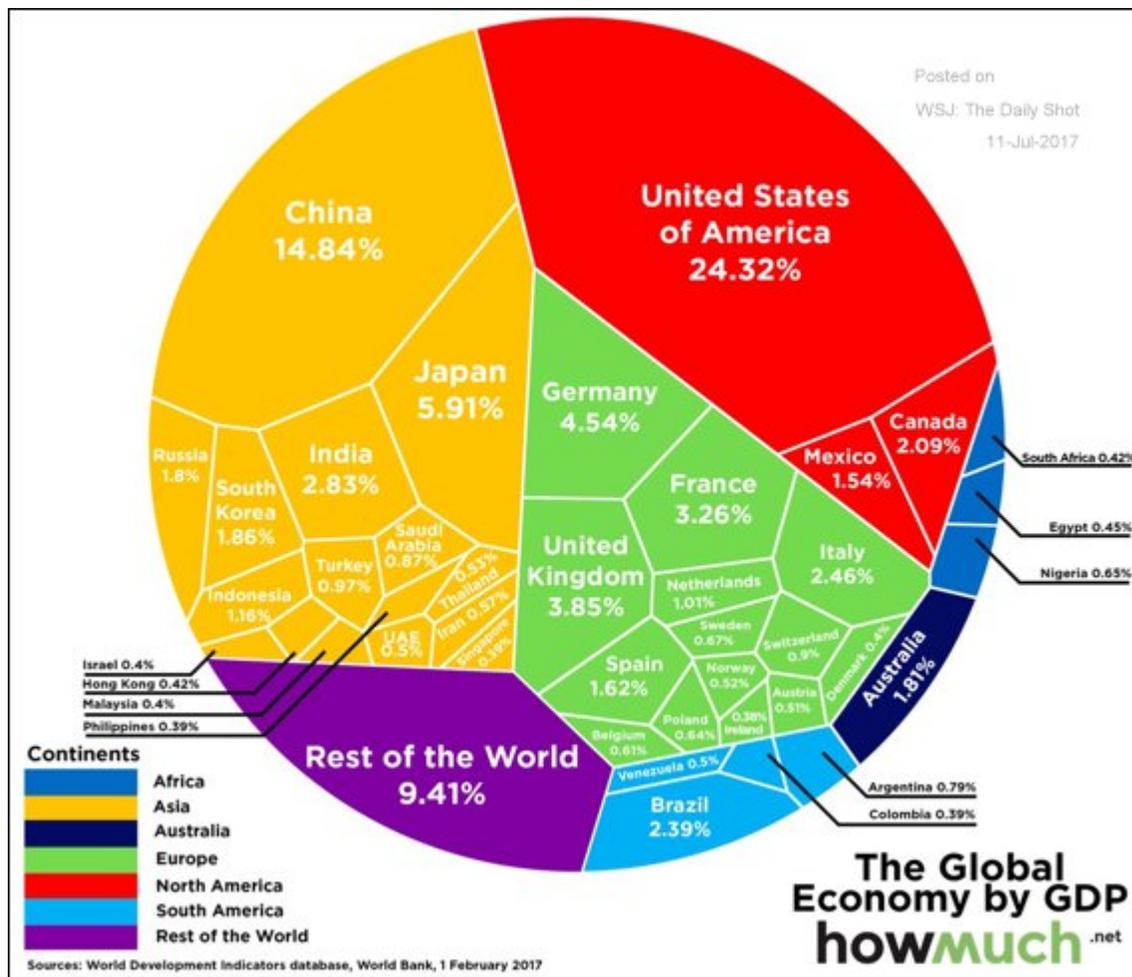
The chart below is a nice demonstration of how time heals volatility. The one-year bars show that stocks in particular can vary in price widely, but that even by five year intervals almost always show a positive return. The longer you are patient, the more you are rewarded.



Source: Barclays, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management. Returns shown are based on calendar year returns from 1950 to 2016. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Barclays Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2016. Guide to the Markets - U.S. Data are as of June 30, 2017.



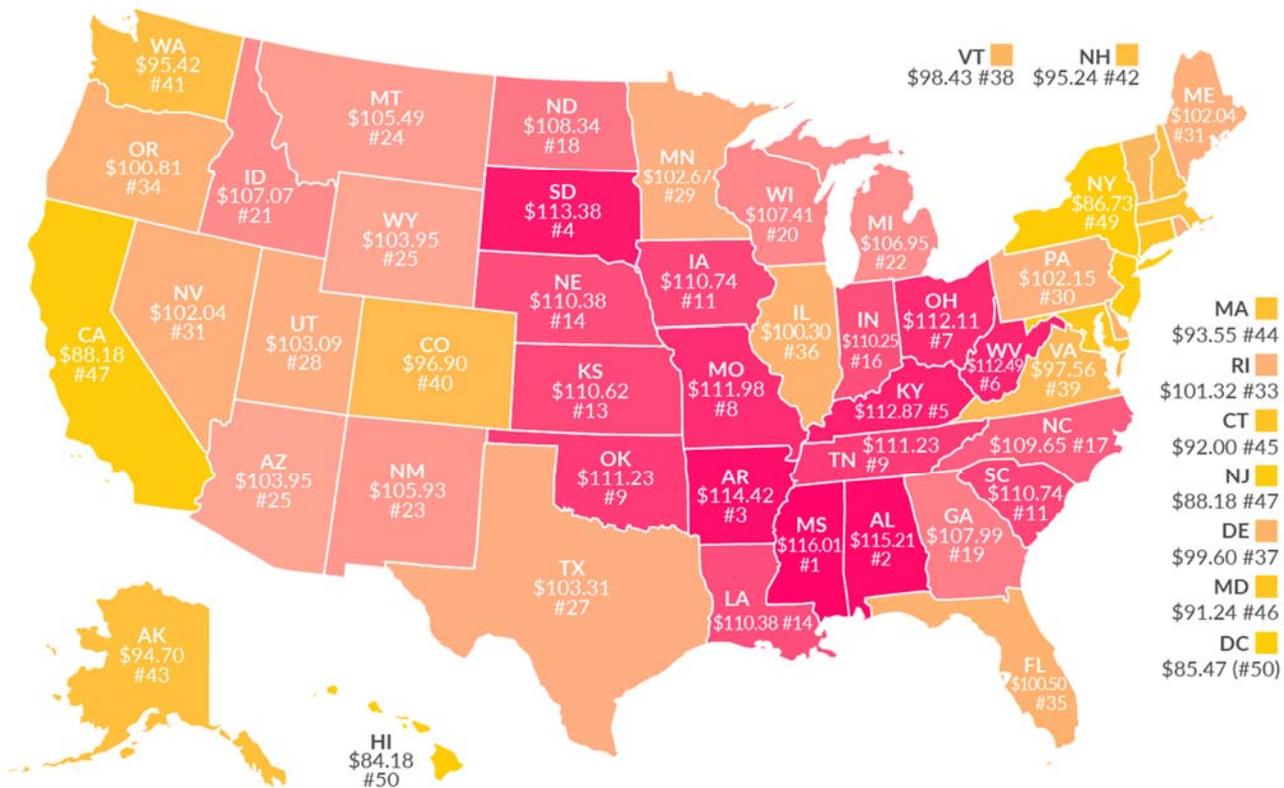
What is the US Share of the World's Economy?





The Relative Value of \$100

Which State Offers The Biggest Bang For Your Buck?



Notes: Numbers represent value of goods that \$100 dollars can buy in each state compared to the national average. The Bureau of Economic Analysis has developed a methodology using Personal Consumption Expenditure and American Community Survey data to estimate average price levels in each state for household consumption, including rental housing costs. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included. Data is as of 2015.

Source: Bureau of Economic Analysis, *Regional Price Parities*.



"Regional price differences are strikingly large; real purchasing power is 36% greater in Mississippi than it is in the District of Columbia," El-Sibaie said.



"In other words, by this measure, if you have \$50,000 in after-tax income in Mississippi, you would need after-tax earnings of \$68,000 in the District of Columbia just to afford the same overall standard of living."

The states with the **largest** relative value of \$100 were:

- Mississippi (\$116.01)
- Alabama (\$115.21)
- Arkansas (\$114.42)
- South Dakota (\$113.38)
- Kentucky (\$112.87)

The states with the **smallest** relative value of \$100 were:

- District of Columbia (\$85.47)
- Hawaii (\$84.18)
- New York (\$86.73)
- California (\$88.18)
- New Jersey (\$88.18)



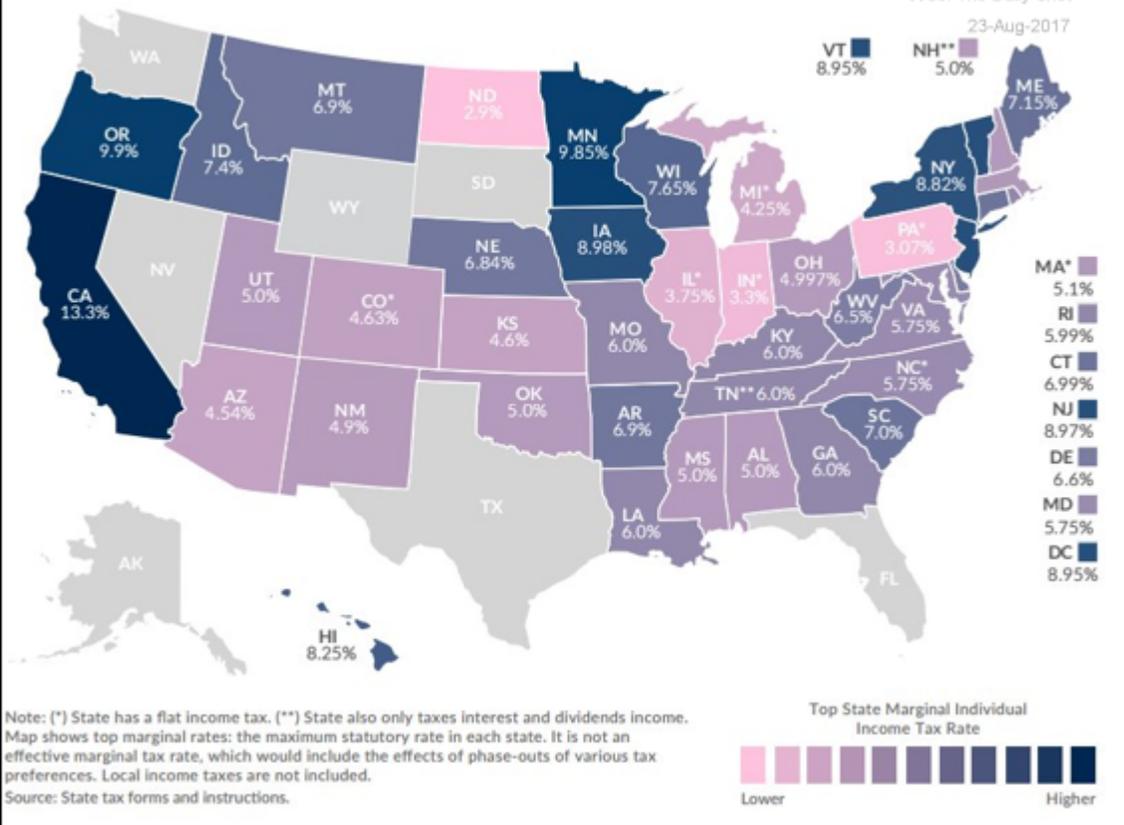
How High Are Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2016

Posted on

WSJ: The Daily Shot

23-Aug-2017



Miscellaneous

Man and Machine

Check out the video in the link below, showing a paraplegic man walking with a robotic exoskeleton controlled by an Alexa device! It's not hard to see where this is going.

<https://spectrum.ieee.org/the-human-os/biomedical/bionics/how-a-paraplegic-user-commands-this-exoskeleton-alexa-im-ready-to-walk>

Rachel found a fascinating (but long) article on Elon Musk's venture to meld the brain with robotics at

<https://waitbutwhy.com/2017/04/neuralink.html>. It is a must read if you have any interest in the topic.



Both links are just a small look into the explosion of biotechnology, robotics, and other technology that will rapidly change our world in the near future (I think overwhelmingly for the better).

[Hyper.com](#)

A way to see and click on headlines from dozens of sources at once. Check it out!

Random Notes

I intend to live forever.... So far, so good.-Steven Wright

“If at first you don't succeed, try, try again. Then quit. No use being a damn fool about it.’ — W.C. Fields

Having more money doesn't make you happier. I have 50 million dollars but I'm just as happy as when I had 48 million.-Arnold Schwarzenegger

NASA's New Horizons spacecraft passed by Pluto last week, which is amazing. It was a three-billion mile trip that took nine and half years.

But here's what blows my mind. [According to](#) NASA, the trip "took about one minute less than predicted when the craft was launched in January 2006."

That is astounding. In an untested, decade-long journey, NASA's travel forecast was 99.99998% accurate. It's the equivalent of forecasting a trip from New York to Boston and being accurate to within four millionths of a second. (Your move, Google Maps.)

-Morgan Housel

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